

## Message Text

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ORIGIN NEA-13

INFO OCT-01 ISO-00 SPC-03 AID-20 EB-11 NSC-10 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 FEA-02

INT-08 IO-14 CIAE-00 COME-00 FRB-02 INR-10 NSAE-00

XMB-07 OPIC-12 LAB-06 SIL-01 EUR-25 DODE-00 PM-07

H-03 L-03 PA-04 PRS-01 USIA-15 SCI-06 ACDA-19 /237 R

66613

DRAFTED BY: NEA/INS:DWBORN

APPROVED BY: EB/ORF:JKATZ

EB

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P R 240055Z JAN 74

FM SECSTATE WASHDC

TO AMEMBASSY NEW DELHI PRIORITY

INFO AMCONSUL BOMBAY

AMCONSUL CALCUTTA

AMCONSUL MADRAS

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E.O. 11652: N/A

TAGS: ENRG IN

SUBJ: INDIAN INQUIRY RE US POSITION ON ENERGY CRISIS

1. INDIAN EMBASSY ECONMIN G.V. RAMAKRISHNA MET WITH  
DEPUTY ASST. SEC KATZ JANUARY 18 IN CORDIAL 40-MINUTE  
DISCUSSION OF ENERGY CRISIS.

2. RAMAKRISHNA STRESSED QUALITATIVE DIFFERENCES FOR  
DEVELOPING NATION, IN CONTRAST WITH RICH COUNTRIES,  
IN ECONOMIC ADJUSTMENT PROCESS AS RESULT RAPID RISE IN  
PETROLEUM IMPORT BILL. FOR LDCS, THESE ADJUSTMENTS  
MATTER OF LIFE OR DEATH. EFFECT ON LDC ECONOMIES

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OF SUCH COST INCREASES NATURALLY NOT LIMITED TO ENERGY-

SECTOR, BUT REFLECTED IN ALL SECTORS. RAMAKRISHNA PROJECTED INDIAN PETROLEUM IMPORT BILL WOULD RISE FROM DOLS 420 MILLION IN 1973 TO DOLS 1.3 BILLION IN 1974. (PROJECTION ASSUMED REGULAR 9 PERCENT ANNUAL RISE IN CONSUMPTION). RAMAKRISHNA URGED THAT THE IMPLICATIONS FOR LDCS OF RISING PETROLEUM PRICES BE BROUGHT TO FOREFRONT OF DISCUSSIONS OF ADJUSTMENT PROCESS.

3. RAMAKRISHNA ASKED ABOUT US THINKING BEHIND CALL FOR FEBRUARY 11 MEETING OF MAJOR OIL CONSUMERS. HE WONDERED ABOUT OUTLOOK FOR ACHIEVING CONSENSUS IN LIGHT DIVERGENCE OF VIEWS EXPRESSED AT C-20 MEETING AT ROME ON PART FRENCH AND UK ON ONE HAND AND US, CANADA, INDIA, ETC, ON OTHER HAND. (FRENCH AND UK REPORTEDLY ARGUED THAT OIL PRICE INCREASES FAIT ACCOMPLI AND ADVOCATED LONG-TERM BILATERAL ARRANGEMENTS WITH OIL PRODUCERS).

4. KATZ NOTED THAT PROBLEM OF EFFICIENT USE OF WORLD ENERGY RESOURCES WAS LONG-STANDING AND WIDELY RECOGNIZED AROUND WORLD. URGENCY OF DEALING WITH PROBLEM HAD, OF COURSE, BEEN ACCELERATED BY BOYCOTT. MANY CONSUMERS (INCLUDING US) HAD PURSUED WASTEFUL ENERGY POLICIES AND PROBLEM NOT CAUSED SOLELY BY PRODUCERS. PROBLEM BASICALLY ONE OF SUPPLY AND DEMAND.

5. KATZ STRESSED THAT US INDEED MINDFUL AND CONCERNED ABOUT IMPACT OF OIL PRICE RISE ON LDCS. AS TO FEBRUARY 11 MEETING, PROPOSAL WAS US EFFORT MERELY TO START PROCESS OF BUILDING CONSENSUS. PROCESS MUST START SOMEWHERE. THE 100 PLUS LDC CONSUMERS ACCOUNTED FOR ONLY ABOUT 15 PERCENT OF TOTAL WORLD CONSUMPTION AND THEIR IMPORTS WERE LARGELY DEVOTED TO URGENT NEEDS WITH CONSEQUENTLY LITTLE ROOM FOR REDUCING CONSUMPTION. US ENVISIONED PROCESS OF WIDENING CONSENSUS WOULD FOLLOW FEBRUARY 11 MEETING. THIS PROCESS WOULD INVOLVE ALL CONSUMING NATIONS AND LOOK TO DISCUSSIONS WITH PRODUCERS. KATZ STRESSED THAT US DID NOT AT ALL VIEW PROCESS AS INVOLVING CONFRONTATION WITH PRODUCERS, BUT RATHER ONE LEADING TO COOPERATION IN INTERDEPENDENT WORLD. US DID NOT BELIEVE THAT AN UNCTAD-STYLE WORLD CONFERENCE UNDER UN LIMITED OFFICIAL USE

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AUSPICES, NECESSARILY WITHOUT OPPORTUNITY FOR SUBSTANTIVE DISCUSSION AND WITH SPEECHES WHICH WOULD EMBARRASS PRODUCERS, WAS BEST WAY TO START PROCESS.

6. KATZ SAID HE COULD NOT UNDERSTAND LOGIC OF FRENCH POSITION. KATZ AGREED WITH RAMAKRISHNA THAT US WAS IN MOST FAVORABLE POSITION TO TRADE TECHNOLOGY AND ARMS FOR OIL ON BILATERAL BASIS, AND INDEED SOME AMERICANS

HAD ARGUED THAT THIS WAS BEST POLICY FOR US. HOWEVER,  
SUCH A BILATERAL, BARTER APPROACH WAS NOT IN US LONG-  
TERM INTEREST, NOR IN WORLD INTEREST.

7. RAMAKRISHNA NOTED THERE AS YET NO OFFICIAL GOI  
STATEMENT ON APPROACH TO WORLD ENERGY CRISIS BUT  
THAT INDIA HAD SUPPORTED US POSITION AT ROME MEETING.  
KATZ SAID WE WOULD BE GLAD TO HAVE GOI VIEWS, SUGGESTIONS  
OR IDEAS AT ANY TIME, AN INVITATION WELCOMED BY  
RAMAKRISHNA. KISSINGER

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ENERGY, FOREIGN POLICY POSITION, ECONOMIC REPORTS, DIPLOMATIC DISCUSSIONS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 24 JAN 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** morefirh  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
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